



Trademarks in Brazil

Important Update regarding the Good-Faith Prior Use Exception

Trademark applicants may be aware that Brazil is a registration-based, first-to-file jurisdiction. The fundamental statutory structure is provided by the Industrial Property Law, enacted in 1996. As a rule, trademark rights belong to the first party to successfully register the mark. However, provisions within the Industrial Property Law provide some exceptions to this rule, one of them is the "right of precedence in registration" based on good-faith, as set out below.

The right of precedence in registration aims to safeguard parties that had been using unregistered trademarks in good faith prior to the filing date of an application for the same or confusing trademark for similar goods/services. The unregistered trademark user can resort to the provision set by Article 129, Paragraph 1st of the Industrial Property Law, having in mind that: (i) the use (in Brazil) of the sign at dispute must date at least six months prior to the priority date of a formal application to distinguish or certify identical, similar, or related goods/services; (ii) the prior user itself has to file an application for the mark in Brazil; among other conditions.

The main pitfall of the indicated provision was when Article 129, Paragraph 1st could be invoked. Due to the wording used in the Law, the Brazilian Patent and Trademark Office (BRPTO) used to accept Article 129, Paragraph 1st if invoked before the third party's application issued to registration. It means that the unregistered trademark user would have only one chance, by filing an opposition, to prevent a third party from registering the trademark based on the good-faith prior use exception. Therefore, once this opportunity in the trademark examination procedure is missed, the user could no longer invoke Article 129, Paragraph 1st. Nevertheless, the school of thought officially adopted by the BRPTO was not aligned with the Brazilian courts' latest rulings. In fact, the milestone was in 2016, when the Superior Court of Justice rendered its judgment giving permission to good-faith prior users to invoke Article 129, Paragraph 1st, even for the first time, in an administrative or in a judicial nullification action against a granted registration.

The administrative scenario has changed though. On November 3rd, 2021, BRPTO officially recognized the possibility for unregistered trademark users to invoke Article 129, Paragraph 1st in administrative nullification actions against granted registrations. Therefore, under certain circumstances, the rights of a prior, unregistered trademark user can prevail, as an exception to the first-to-file rule in Brazil. More than ever, trademark applicants should consider, as a pre-filing step, a trademark clearance search for registered and unregistered marks in the field of interest.

To understand more about the good-faith prior use exception, please contact us at brj@clarkemodet.com.br.



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